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OGC 66-1573

15 July 1966

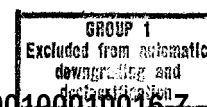
MEMORANDUM FOR: Mr. Warner

SUBJECT : Disposition of Agency Financial Records

1. In accordance with your request, I have compiled certain information relating to the problem of the disposition of Agency financial records. This is set forth in the following materials:

- Tab A. Financial Records Accumulation - Records Center. This shows that the present accumulation of financial records exceeds some 13,000,000 pieces of paper and is increasing at the rate of 2,600,000 per year.
- Tab B. Statutory Restriction on the Disposition of Government Financial Records. This sets out the provision which prohibits the disposition of financial records without GAO audit, unless the Comptroller General shall grant written approval.
- Tab C. Disposition of Agency Financial Records - Discussions with GAO. This outlines our efforts to obtain Comptroller General approval of a records retirement system.
- Tab D. DDCI letter with Financial Records Retirement Schedule, attached. The schedule was originally prepared by our records management personnel. It was subsequently revised to include GAO's suggestions, after it had informally considered our draft. These papers were to constitute our formal submission. They were not sent, however, because of Bob Keller's intervening advice that our proposal would not be approved.

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2. It will be recalled that back in 1962 the Comptroller General, with the approval of the Chairman of the House Armed Services Committee, discontinued his audit of Agency vouchered expenditures. At that time the Comptroller General gave as his reason the Agency security restrictions prevented his performing a worthwhile audit on a continuing basis. It will also be recalled that the termination of audit was the culmination of several years of experimentation during which time the Agency sought to accommodate its security requirements to the comprehensive audit process instituted by the General Accounting Office in 1959. As a consequence of the Comptroller General's action in severing his audit relationship, the Agency has been confronted with a serious problem occasioned by the relentless accumulation of financial records. This situation arises because of the specific provision of law which prohibits the disposal of Government records which concern the United States, as debtor or creditor, until the accounts involved have been settled and adjusted by the General Accounting Office, except with written approval of the Comptroller General (44 U.S.C. 374). This statute is considered to be controlling in the disposition of Agency financial records.

3. In an attempt to resolve the consequences of the indefinite retention of a large volume of financial records, we sought to obtain Comptroller General approval of an Agency records retirement schedule. The schedule suggested was patterned after that used by other Government agencies insofar as the records retention periods were concerned. The only significant departure was that in its internal administration the Agency audit staff was to perform the settlement and adjustment function previously handled by GAO. We undertook to introduce our proposal to the Comptroller General by way of his General Counsel, Bob Keller, primarily because of the latter's familiarity with the circumstances surrounding the discontinuance of the audit. Although Keller's initial reaction was entirely favorable, he later advised that the Comptroller General had declined to approve our proposal. We have <sup>intentionally</sup> kept our negotiations on an informal plane. Consequently, there is no formal record of the disapproval.

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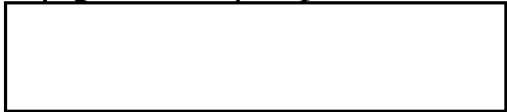
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4. In advising us of Mr. Campbell's adverse decision, Keller stated that our only recourse was to seek remedial legislation. I am reluctant to accept this. In the first place, such an undertaking would require that we air publicly that our financial records require treatment differing from that applicable to the retirement financial records generally. While I believe there are valid reasons for this difference in treatment, security limitations would hamper us in an attempt to present a truly convincing case. Further, consideration of any legislative proposal dealing with this subject might precipitate in the Congress a discussion of the need or the desirability for certain existing Agency statutory authorities--a situation we would wish to avoid. It is for these reasons, I recommend we continue to seek an administrative rather than a legislative remedy.

5. The Comptroller General is an appendage of the Congress. I suspect Campbell would have viewed our proposal differently, if he had been assured that it had the blessing of responsible Congressional leaders. In this connection I have in mind Keller's remark to the effect that the Comptroller would be hard pressed, if after having granted the requested authority, the Congress should at some future date demand to know the expenditure details for some particular program, for example, the Bay of Pigs. While that comment may have been somewhat naive, I believe it indicates that Campbell's decision may have been based more on policy considerations rather than the merits. With Campbell having been replaced by Mr. Staats, it seems to me we are in a position to renew the assault. My suggestion would be, however, that we not use the direct approach but rather work through the Congress. I have in mind enlisting the support of such a personage as The Honorable George H. Mahon.

6. In discussing the matter with Mahon or someone of similar stature, it should be stressed that the Agency's proposal does not contemplate the wholesale destruction of financial records, but rather their orderly and systematic retirement under conditions similar to those applicable to other Government agencies, save for the GAO audit. I would suppose that we need not emphasize that for the Agency to accumulate its records indefinitely, expanding its facilities as needed, would be, as a minimum, the ultimate in extravagance in terms of manpower costs and facility utilization. Suffice to say, these are the prospects, if the present situation is permitted to continue.

  
Assistant General Counsel

Attachments

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